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BEFORE THE TENNESSEE REGULATORY AUTHORITY
Nashville, Tennessee

In Re: *Generic Docket Addressing Rural Universal Service*

Docket No. 00-00523

BELLSOUTH'S COMMENTS RELATING TO APRIL 22, 2003
STATUS CONFERENCE

BellSouth Telecommunications, Inc. ("BellSouth") files these comments, as allowed by the hearing officer at the status conference on April 22, 2003.

It was clear at the status conference that issues remain to be resolved between the coalition of Rural Independent Companies (the ICOs), BellSouth, and CMRS providers relating to the termination of CMRS-originated traffic transiting BellSouth's network and terminating to ICOs and users. It was also quite clear, however, that the parties *all* agreed that one thing was crucial to resolution of these issues: The ICOs must be prepared to sit down at the table and talk to the CMRS providers about an appropriate rate for termination of CMRS-originated traffic. Moreover, *all parties* in attendance at the Status Conference indicated their willingness to do just that. Consequently, BellSouth continues to believe that the appropriate and logical next step is to bring the CMRS providers into the proceeding and provide the parties with time to address these issues face to face.

Nothing at the status conference supported the assertion that any new "emergency" is facing these carriers. Rather, it was clear that the ICOs have been aware for many months that BellSouth's interim, good faith agreement to continue making payments, which payments BellSouth believes it is not required to make, was not an agreement to continue doing this forever. Rather, BellSouth has been completely clear in

its position that it would cease making such payments after the April payment. The ICOs failure to act to resolve these issues prior to that time does not constitute an emergency. Rather, it is the foreseeable result of an ICO decision. The failure of the ICOs to take steps to address these issues in a timely fashion should not be rewarded with further payments. Moreover, the continuation of payments by BellSouth, at a rate more consistent with access charges than with reciprocal compensation, undermines any incentive on the part of the ICOs to negotiate a reasonable reciprocal compensation rate with the CMRS providers. This temporary arrangement, whereby BellSouth made payments during a negotiation period, has, in fact, not led the ICOs to talk to the CMRS providers. In fact, the ICOs continued to maintain at the status conference tht they felt no obligation to contact the CMRS providers to seek to initiate negotiations during that time. Understandably, the CMRS providers may have concerns about whether they would ever be able to reach an agreement with the ICOs as long as BellSouth continues to make payments to the ICOs at a rate out of line with (higher than) reciprocal compensation rates. Even the ICOs recognized during the status conference on April 22, 2003, that it was inappropriate to require access rates rather than reciprocal compensation rates for the termination of CMRS-originated traffic.

For all of these reasons BellSouth respectfully urges the Hearing Officer to join the CMRS providers and to order the parties to engage in a 90-day negotiation period.¹ BellSouth further respectfully requests that the Hearing Officer deny the relief sought in the emergency motion with respect to continued payments during this period, because, during the status conference on April 22, 2003, the ICOs were unable to establish any

¹ The CMRS provider participating in the status conference did not object to becoming parties to the proceeding for this purpose.

legitimate "emergency" entitling them to the relief they sought. Rather, continuing to require BellSouth to make payments which are not required by the Primary Care Plans in place between these parties, does not provide any incentive to the ICOs to turn their attention toward the establishment of an appropriate rate with the CMRS providers relating to the CMRS-originated traffic. In fact, it is clear that during the time that BellSouth has agreed to continue making these payments, the ICOs have not taken steps to address this issue with the CMRS providers.

As requested by the hearing officer during the status conference, BellSouth has also provided, under separate cover, copies of the Primary Carrier Plan in place between BellSouth and the various Tennessee ICOs. As discussed in the status conference, these Primary Carrier Plan agreements each define IntraLATA toll service the same way. Specifically, IntraLATA switch toll services "are defined as IntraLATA message telecommunication services (MTS), including optional calling plans, outward wide area telecommunication services (WATS) and 800 service, which are furnished within LATAs in which both the Bell Company and the independent company operate in whole or in part by the system of the independent company and by the system of the Bell Company and are furnished exclusively by exchanged carriers under a uniform toll tariff." See Section 1, Paragraph 1 of the Primary Carrier Plan. Pursuant to the exclusive terms of this definition, the traffic at issue in the ICOs' emergency Petition, namely CMRS-originated traffic that transits BellSouth's network and terminates to end users served by the ICOs, is not encompassed by the definitions of IntraLATA toll services contained in the Primary Carrier Plan, because, among other reasons, those services are not furnished

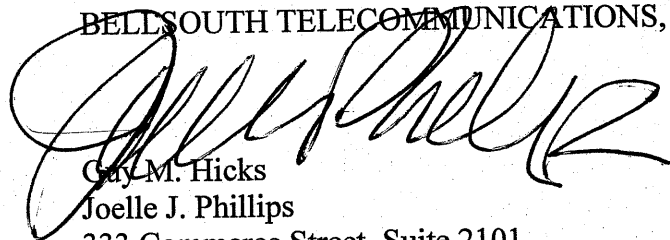
exclusively by exchange carriers. CMRS providers are not exchange carriers pursuant to the Telecommunications Act.

In short, BellSouth remains committed to continuing to work through the Primary Carrier Plan issues with the ICOs, and we believe that genuine progress has been made in this area. As to the issue of CMRS-originated traffic, which transits BellSouth's network and terminates the ICO and users, BellSouth is also prepared to participate in negotiations by which the ICOs and CMRS providers arrive at an appropriate rate for compensation for termination of this traffic. BellSouth does not believe that continued payment of compensation by BellSouth to the ICOs, in the absence of any contractual obligation to make such payments, is appropriate. Perhaps more importantly, BellSouth also believes that continuation of these payments has not provided an appropriate incentive to the Rural ICOs to address the issue of an appropriate rate with the CMRS providers.

For all of the reasons articulated above, in BellSouth's earlier pleadings, and in argument at the April 22, 2003, status conference, BellSouth respectfully requests that the emergency Motion filed by the ICOs should be denied and that the CMRS providers should be joined in the proceeding for the purpose of negotiating a reciprocal compensation rate for termination of CMRS-originated traffic.

Respectfully submitted,

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I hereby certify that on April 25, 2003, a copy of the foregoing document was served on the parties of record, via the method indicated:

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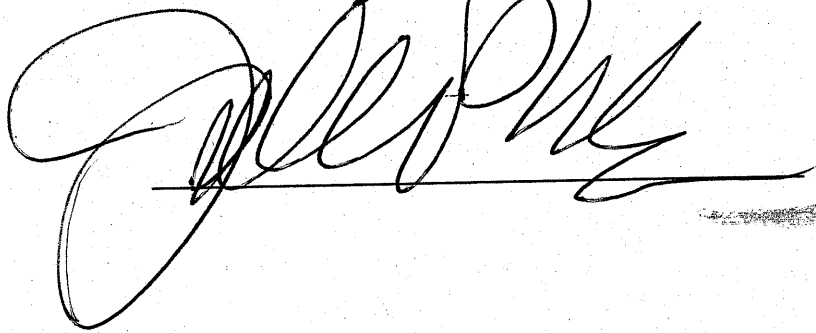
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A large, stylized handwritten signature in black ink, likely belonging to Stephen G. Kraskin, is written over a horizontal line. The signature is fluid and cursive, with a large loop at the beginning and end.